

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

MERENDON MINING (NEVADA) INC,  
et al.,

Defendants

Case No. 2:10-cv-00955-RAJ

DEFAULT JUDGMENT,  
ASSET FREEZE, AND  
PERMANENT INJUNCTION  
AGAINST GARY SORENSON,  
AND MILOWE BROST

By separate order, the court has ordered the entry of this default judgment against Defendants Gary Sorenson (also known as Don Grey Fox) and Milowe Brost (also known as Milow Brost, M.B. Gonne, and Phillip K. Collins).

**Permanent Injunction**

1. IT IS ORDERED, ADJUDGED, AND DECREED that Gary Sorenson also known as Don Grey Fox, Merendon Mining Corp. Ltd., Milowe Brost are hereby permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of

1 any security:

- 2 (a) to employ any device, scheme, or artifice to defraud;
- 3 (b) to make any untrue statement of a material fact or to omit to state a material fact  
4 necessary in order to make the statements made, in the light of the circumstances  
5 under which they were made, not misleading; or
- 6 (c) to engage in any act, practice, or course of business which operates or would  
7 operate as a fraud or deceit upon any person.

8 2. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gary  
9 Sorenson and Milowe Brost are permanently restrained and enjoined from violating Section  
10 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale  
11 of any security by the use of any means or instruments of transportation or communication in  
12 interstate commerce or by use of the mails, directly or indirectly:

- 13 (a) to employ any device, scheme, or artifice to defraud;
- 14 (b) to obtain money or property by means of any untrue statement of a material fact  
15 or any omission of a material fact necessary in order to make the statements  
16 made, in light of the circumstances under which they were made, not  
17 misleading; or
- 18 (c) to engage in any transaction, practice, or course of business which operates or  
19 would operate as a fraud or deceit upon the purchaser.

20 3. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gary  
21 Sorenson and Milowe Brost are permanently restrained and enjoined from violating Section 5  
22 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any  
23 applicable exemption:

- 24 (a) Unless a registration statement is in effect as to a security, making use of any  
25 means or instruments of transportation or communication in interstate commerce  
26 or of the mails to sell such security through the use or medium of any prospectus  
27 or otherwise;
- 28 (b) Unless a registration statement is in effect as to a security, carrying or causing to

1 be carried through the mails or in interstate commerce, by any means or  
2 instruments of transportation, any such security for the purpose of sale or for  
3 delivery after sale; or

4 (c) Making use of any means or instruments of transportation or communication in  
5 interstate commerce or of the mails to offer to sell or offer to buy through the  
6 use or medium of any prospectus or otherwise any security, unless a registration  
7 statement has been filed with the Commission as to such security, or while the  
8 registration statement is the subject of a refusal order or stop order or (prior to  
9 the effective date of the registration statement) any public proceeding or  
10 examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

11 4. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Milowe  
12 Brost and Gary Sorenson are permanently enjoined and restrained from, directly or indirectly,  
13 violating Section 15(a) of the Exchange Act [15 U.S.C. § 78o] by acting as a broker or dealer  
14 unless registered as provided by law.

15 5. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to  
16 Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the  
17 Securities Act [15 U.S.C. § 77t(e)], Milowe Brost and Gary Sorenson are permanently  
18 prohibited from acting as an officer or director of any issuer that has a class of securities  
19 registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to  
20 file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

21 **Asset Freeze**

22 IT IS ORDERED, ADJUDGED, AND DECREED that Gary Sorenson and Milowe  
23 Brost are hereby prohibited, pending a final judgment or other order of the court, from selling,  
24 transferring, encumbering or otherwise dissipating any assets obtained from the conduct  
25 described in the SEC's complaint.

26 **Monetary Relief**

27 1. IT IS ORDERED, ADJUDGED, AND DECREED that Gary Sorenson and  
28 Milowe Brost are liable jointly and severally to pay disgorgement of \$210,159,622 plus

1 prejudgment interest at the rate authorized in 26 U.S.C. § 6621(a)(2) from September 14, 2009  
2 until the date of entry of final judgment, with postjudgment interest at the rate authorized in 28  
3 U.S.C. § 1961.

4 2. IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Gary  
5 Sorenson and Milowe Brost are liable jointly and severally to pay a third-tier civil penalty  
6 pursuant to Section 20(d)(2) of the Securities Act and Section 21(d)(3) of the Exchange Act, 15  
7 U.S.C. §§ 77t(d)(2)(C) and 78u(d)(3)(B)(iii) in the amount of \$100,000,000, with prejudgment  
8 interest at the rate authorized in 26 U.S.C. § 6621(a)(2) from the date of this judgment until the  
9 date of entry of final judgment, with postjudgment interest at the rate authorized in 28 U.S.C.  
10 § 1961.

11 The Court shall retain jurisdiction of this matter for purposes of enforcing the  
12 permanent injunction.

13 Dated this 12th day of November, 2010.

14  
15 WILLIAM M. McCOOL

16 Clerk

17 /s Consuelo Ledesma

18 Deputy Clerk  
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